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MARKETING EGGS THROUGH THE CREAMERY.

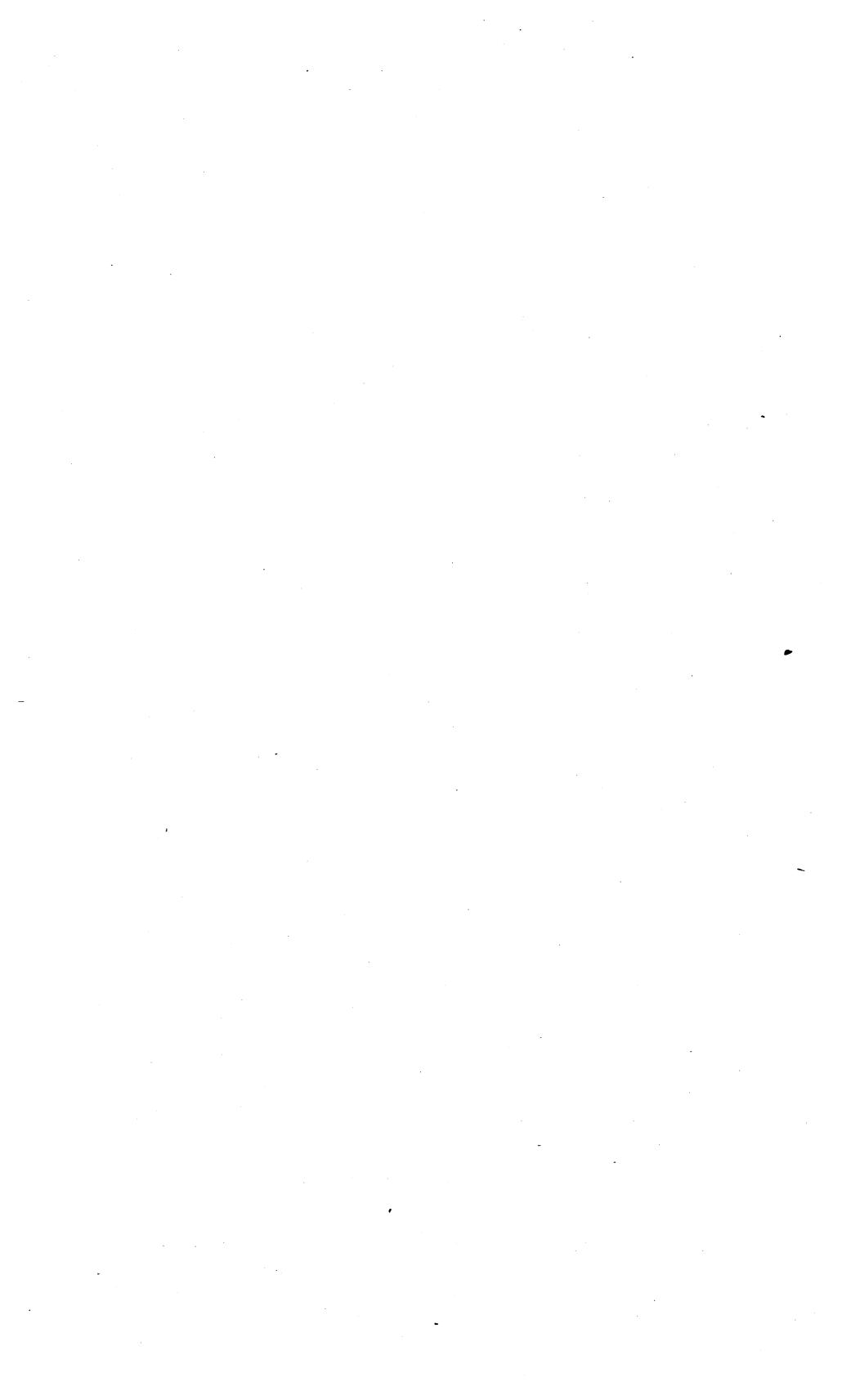
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LETTER OF TRANSMITTAL.

U. S. DEPARTMENT OF AGRICULTURE,
BUREAU OF ANIMAL INDUSTRY,
Washington, D. C., February 17, 1911.

SIR: I have the honor to transmit herewith a paper on "Marketing eggs through the creamery," by Mr. Rob R. Slocum, of the Animal Husbandry Division of this Bureau. This paper, which was included in the Twenty-sixth Annual Report of the Bureau, presents a plan for marketing eggs while they are fresh, avoiding the heavy losses which occur under the common methods, and resulting to the advantage of both producer and consumer. I respectfully recommend that it be issued in the Farmers' Bulletin series.

Respectfully,

A. D. MELVIN,
Chief of Bureau.

Hon. JAMES WILSON,
Secretary of Agriculture.

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MARKETING EGGS THROUGH THE CREAMERY.

During the fall and winter months it is the current opinion among consumers of eggs, when they are compelled to pay high prices for such occasional dozens of strictly fresh eggs as they are able to procure, that the farmer or the poultryman, the original producer, is receiving a high price for his product as it leaves his hands. This is true in the main in so far as the producer is concerned who is so situated that he can either retail his eggs directly or place them in the hands of a dealer or retailer who can dispose of them within a short time while they are still fresh. In so far as the general farmers, who produce the great bulk of eggs, are concerned, this is not the case. The price received by the general farmers of the Middle West, of most of the South, and of many other localities, while varying with the season, is, during a considerable portion of the year, often much below and apparently out of proportion to the prices paid by the consumer.

The reasons for this lie in the lack of care given the eggs and in the methods of handling used in connection with the present system of marketing, and not, as a rule, in the realization of an undue or unreasonable profit by the egg handlers or dealers.

THE USUAL METHOD OF MARKETING EGGS.

At the present time the common method of marketing eggs in the Middle West is in brief as follows: The farmer gathers his eggs whenever convenient, sometimes each day, sometimes two or three times a week. The eggs are brought to the house and kept until there is a sufficient number to take to the village or until the farmer makes a trip to the village for some other purpose and takes the eggs along. No particular attention is given to the conditions under which the eggs are kept in the meantime. They may be put in a pantry or cupboard of the kitchen where the temperature is comparatively high and where the eggs are bound to undergo considerable deterioration in quality or to reach a more or less advanced stage of actual spoiling. Even in those cases where the importance of a low temperature may be realized and an effort made to secure this by placing the eggs in a

cellar, there is likelihood that the cellar may be damp, and the eggs in consequence become moldy. Likewise no particular effort is made to obtain clean eggs by proper attention to the nests and by frequent gathering or to separate the clean from the soiled eggs when taking them to market. Whenever a nest of eggs is discovered in the weeds or about the barn they are usually added to the eggs in the market basket without question as to whether they are partly incubated.

As a result the farmer starts for town with a basket of eggs, part of which are perfectly fresh and wholesome, part of them dirty or smeared, and part of them shrunken or stale or even partly or wholly spoiled. These eggs the farmer takes to the village store and receives for them a certain price per dozen, which is usually given in trade. The village merchant is not a dealer in eggs from choice, but rather because he feels it necessary to take the eggs in order to keep the trade of the farmer. If he does not take the eggs he fears that the farmer will offer them to one of his competitors and will in consequence be likely to give that competitor the bulk of his trade. For the same reason the merchant believes that he must accept the eggs as they run, good or bad, fresh or stale, clean or dirty, for if he does not his competitors will.

The merchant holds the eggs until he has enough to make a shipment to some egg dealer or shipper from whom he gets regular quotations. The delay here may be anywhere from two days to a week, or even two weeks. Usually the conditions attendant upon the shipment of these eggs up to the time they reach the packing house are such as to cause a still further deterioration in the eggs. After they reach the packing house they are assembled in great enough numbers so that more attention and care is given their handling, and although the eggs go through one or more sets of hands from this point before they are placed in storage or reach the consumer, the deterioration which they undergo is usually not so great proportionately.

For more detailed information regarding the complex process of marketing eggs the reader is referred to Circular 140 of the Bureau of Animal Industry.

The result of this common and almost universal method of marketing eggs is that when the eggs leave the hands of the country merchant, and still more when they reach the packer, quite a large proportion, varying with the season and the weather, are either seriously deteriorated or are wholly bad. It is usual somewhere during the process of marketing, after the eggs have left the hands of the country merchant, for them to undergo a grading process, in the course of which the bad eggs are discarded and the deteriorated eggs are separated and eventually sold for a less price than they would bring were they of first quality. Obviously, the man who buys these eggs "case count," candles them, and sells the graded product must

protect himself from loss as a result of the eggs thrown out, and this he does by paying a lower price per dozen for the eggs he buys than he would were the eggs all good or reasonably good. As a result this lower quotation must be passed back to the storekeeper and eventually to the farmer.

The average farmer through carelessness and lack of knowledge produces indifferent eggs; the method of buying in vogue places no premium on quality, and the farmer producing clean eggs and putting them in the hands of the storekeeper in a good, fresh condition realizes no more for them than does the careless farmer, one-quarter or one-third of whose eggs may be bad. The subsequent course of the eggs to the market and to the table of the consumer usually includes a grading process for the purpose of culling out the bad and deteriorated eggs, and this in turn makes necessary a reduction in the price which can be paid to the producer.

To correct this injustice to the careful farmer and to place a premium on the production of good eggs and their subsequent careful handling, a system of buying is necessary which bases payment on quality. It is not the purpose of the writer to enter into a discussion of the general problem of "loss-off" buying in its relation to the commercial egg, but simply to describe a system of marketing which is in successful operation and which seems to be accomplishing this result.

HOW EGGS ARE MARKETED THROUGH A MINNESOTA CREAMERY.

The marketing of eggs in this particular instance is accomplished through a creamery in the northern part of Minnesota. Because of the fact that farmers must take their milk or cream to the creamery at frequent and regular intervals, it is an agency especially well suited to obtaining the egg in a fresh condition from the farmer. As it seems that there must be other creameries so situated that they could readily put their eggs directly in the hands of a retailer in a fair-sized city with only a short shipment, it seems well to describe in detail the methods used in this case. The volume of eggs handled in this way would, of course, probably never become so great as to make them a factor in the mass of eggs now handled commercially.

As stated before, the eggs are brought by the farmer directly to the creamery when bringing his milk. While this particular creamery is privately owned, it is essentially cooperative, in that its owner and manager is a far-sighted business man with other interests in the village, and he sees that the increased agricultural prosperity of the community will eventually be to his advantage. In consequence he is content to take a small profit for himself and to pay the farmers as liberally as possible for both their cream and eggs. Any patron of the creamery or any other person who will sign a required agreement

may market his eggs in this way. At present about one hundred and thirty-five farmers are taking advantage of this method of disposing of their eggs. These egg patrons are scattered over quite a wide territory, one man finding it to his advantage to drive in 14 miles with his eggs.

The agreement reads as follows:

For the privilege of selling eggs to the creamery company and getting a market established for guaranteed fresh eggs, I, the undersigned, hereby pledge myself to comply in every way with the following rules:

I agree to deliver eggs at the creamery that will not be to exceed 8 days old and to be picked in (gathered) twice every day.

Eggs to be of uniform size (no under size or over size eggs).

Eggs to be clean and to be kept in a cool, dry cellar.

Brown eggs to be put in one carton and white in another and so marked.

Each egg to be stamped on the side and carton to be stamped on the top.

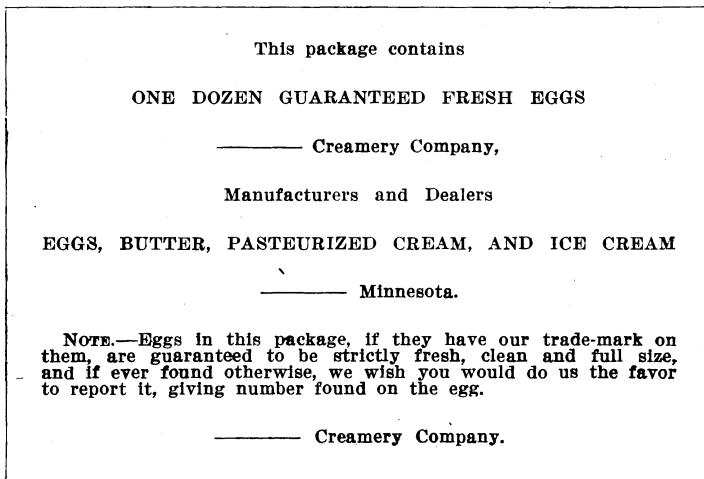
I agree not to sell any eggs that I have marked with the creamery company's trade-mark to anyone else but the creamery company, and to return stamps and other supplies that have been furnished, in case I should decide to discontinue to sell eggs to the creamery company.

It is readily discernible from the provisions of this agreement that the aim is to get a grade of uniform, clean, dependable eggs, of reasonable freshness. It might seem that requiring delivery once in eight days would not be frequent enough, but the nights in Minnesota even in summer are said to be usually cool, and this condition, together with the gathering twice a day and the storage in dry, cool cellars, must account for the fact that no complaints have been received on the score of staleness.

The separation of the brown and the white eggs serves two purposes. First, it promotes uniformity and greater attractiveness of appearance, and second, it encourages the keeping of the breeds of hens which lay white eggs, because the owner of the creamery pays during the spring months 1 cent more for white eggs than for brown. The creamery owner justified this action by the statement that it was his belief that his markets would pay a premium for white eggs in the near future, and that he wished to stimulate the keeping of one class of chickens, so as to insure a more uniform product.

To every person signing the agreement quoted above a small rubber stamp is given for use in stamping the eggs and the container. This stamp plays an important part in the system of marketing. It contains the name of the creamery, the creamery brand, and a serial number for each producer. By means of the stamp which thus appears on each egg and on each package it is possible to trace the product back to the individual producer, and in consequence to place the blame for any carelessness or poor quality where it belongs. A repetition of any offense of this nature may be sufficient ground for refusing to handle the eggs of that particular producer.

When the creamery patron signs the agreement, and at such times thereafter as may be necessary, he is furnished with a supply of cartons or containers in addition to the rubber stamp. These cartons are the ordinary one-dozen size pasteboard egg boxes which are so shaped that they may be packed in a regular 30-dozen egg case. The following guaranty is printed on the top of the carton:



The farmer takes these cartons home, and as the eggs are gathered each day, the clean, good-sized eggs are stamped and placed in them. When a carton is filled it is stamped on its upper side just the same as the eggs.

When the farmer comes in to the creamery with his milk or cream he brings along as many cartons or dozens of eggs as he has. The man in charge of the creamery takes these eggs, examines the packages, and gives the farmer a check for the eggs delivered that day. The cartons are then packed in substantial returnable 30-dozen egg cases and shipped to market by express. The shipping charges are paid by the consignee. The labor and cost of handling the eggs at the creamery are thus reduced to a minimum. The eggs are never candled, reliance being placed on the farmer to bring in good eggs. The cost of handling the eggs, including the cost of the carton, which is about one-half cent, is estimated to be 1 cent a dozen. The farmer in turn feels bound to be particular, knowing that any carelessness can be traced back to him and realizing that he thus jeopardizes his chances of continuing to dispose of his eggs in this manner. This he can not well afford to do, as will be shown later by a comparison of the prices received for eggs marketed through the creamery and through the general store.

In this particular case the creamery happens to be located within easy shipping distance of Duluth, Minn., and this city was chosen as a market for the eggs. One of the best grocery stores was already

handling butter made by the creamery and was in consequence glad to take the eggs. The eggs, therefore, pass through only one dealer between the creamery and the consumer. These eggs, because fresh, were soon in great demand by the customers of this store, and though sold for several cents a dozen more than other eggs handled, were always taken in preference. It is interesting to note that during the year and a half that this store has been handling the eggs, only two complaints have been made as to their quality. It is also significant of the recognition of their quality that the demand for them has greatly increased and that persons living on the opposite side of the city make special trips to this store by street car solely for the purpose of buying some of these eggs. The brand which is placed on the eggs and on the cartons has become strongly associated with quality in the minds of the consumers. This is illustrated by the statement of the storekeeper that two cases of these eggs which came in unbranded for some reason or other were disposed of as eggs from this particular creamery only after a good deal of difficulty and on the personal guaranty of the proprietor. The consumers noticed the absence of the brands and demanded eggs so stamped.

ADVANTAGES OF THE SYSTEM.

Previous to the inauguration of this method of handling the eggs by the creamery the farmers brought their eggs to the general store and traded them for merchandise in the usual manner. When the creamery first began to handle eggs this innovation was looked upon with disfavor by the merchants, who feared that they would lose some trade because of the fact that the farmers received cash for their product. Gradually, however, these merchants have come to realize that as this method brought a greater return to the community for its eggs, it helped to increase the general prosperity and that under these circumstances their trade improved rather than degenerated. In consequence they have come to favor the step heartily, to feel a pride in it, and finally to feel grateful for being relieved of the necessity of handling the eggs.

The advantage of this system of marketing, to the farmers or producers, has come about in two ways: First, it has increased the price paid to them by compelling an improvement in quality, by selling more directly to the consumer, and by establishing a reputation for the eggs sold under the creamery brand. Second, it has brought about the realization that poultry raising by the general farmer is profitable, that the income from this source is considerable, and that it is capable of increase by keeping better fowls and giving them better care.

The increase in price which the farmer is realizing for his eggs as a consequence of the introduction of the new method varies with the season. During the spring, when eggs are plentiful and quite uni-

formly good in quality, the difference is small and does not amount to over 1 or 2 cents. From this time on the difference increases until the following winter, when it reaches as high as 10 cents or more. During the month of December, 1909, when this creamery was visited, farmers were receiving 40 cents a dozen for their eggs and continued to do so during the entire month. At this very time, as determined by personal investigation, farmers in a village of a near-by portion of the State were receiving 25 cents a dozen. There was, moreover, absolutely no expense of marketing to come out of this 40 cents, as even the cartons in which the eggs were packed were furnished by the creamery. From the following table giving the average price paid by the creamery by months during 1909 it can be seen that the return to the farmer is very satisfactory, and far better than that received where eggs are marketed through the country store, where a bad egg is worth, or rather brings, as much as a good egg:

Average price paid by creamery for eggs in 1909.

| Month. | Number marketed. | Average price paid farmer. |
|----------------|---------------------|----------------------------------|
| | Dozens. | Cents. |
| January..... | 630 | 35.6 |
| February..... | 1,329 | 25.9 |
| March..... | 1,771 | 19.0 |
| April..... | 2,069 | 18.2 |
| May..... | 2,445 | 19.8 |
| June..... | 1,725 | 20.0 |
| July..... | 1,509 | 22.7 |
| August..... | 1,898 | 24.5 |
| September..... | 1,562 | 25.1 |
| October..... | 507 | 27.0 |
| November..... | 229 | 37.4 |
| December..... | 810 | 40.0 |

In this particular Minnesota village during the year 1907, which was just previous to marketing the eggs by the new method, the eggs received by the storekeepers hardly more than supplied the local demand. In fact, during the whole of that year only 15 cases, or 450 dozen eggs, were shipped out of the village. During the year 1909 nearly \$4,000 was paid out by the creamery for eggs, all of which were shipped away. The impetus which has been given the poultry business during the short time this method of marketing has been practiced may be judged from the statement of the proprietor of the creamery that from present indications he expected the egg business to double or treble during the year 1910.

Along with this increase in the volume of egg receipts, which indicates a realization of the profitableness of the business and an increase in the number of fowls kept, has come an awakening to the value of better stock and improved methods. It is noticeable that purebred poultry is being introduced and is replacing the old flocks of mongrel fowls. Poultry papers are being subscribed for and publications on

poultry raising are in demand. New and better hen houses are being built and systematic attention is being given to the care and feeding of the fowls. The great part of this awakening to the possibilities of poultry keeping is directly traceable to the method of marketing the eggs through the creamery which is used in this locality.

SIMILAR SYSTEMS IN OTHER LOCALITIES.

In at least one other locality in Minnesota a very similar system of egg marketing is in operation. In this village, however, a little settlement of Danes, the eggs are not marketed through a creamery, but through an association formed solely for the purpose of marketing eggs. The details of the process are practically identical, and it is planned to handle the eggs through a cooperative creamery which the settlers expect to start in the near future. At present the secretary of the association attends to the business of marketing the eggs without compensation.

In still another locality which boasts a strong cooperative creamery it is the intention to begin handling eggs on exactly the same plan, except probably to require somewhat more frequent delivery of eggs during the hot summer months. Still another locality intends to accomplish the same end by means of a man paid to handle the eggs and attend to the marketing. In this case, too, the details of the collection and delivery of the eggs by the farmers will be almost identical with the method described above, except that the eggs will not go through the creamery.

CONCLUSION.

It can not be denied that in the particular case described above, marketing eggs through the creamery has been a success. It has brought about carefulness on the part of the producer and a most decided improvement in the quality of the eggs. It has, moreover, provided the market with a grade of good, fresh eggs, which are always in good demand and which at present are almost unobtainable at certain seasons in the cities. It has, in doing this, prevented a considerable waste and loss in quality which is normally associated with the marketing of eggs in the Middle West, and has increased very materially the price which the producer receives. It would appear, in view of the fact that the creamery seems a logical and natural agency for the handling of eggs to good advantage, that this method, with modifications, is adaptable to a wide range of conditions, and that many creameries could well afford to make eggs as well as butter one of the products which they handle. Wherever this method is adopted it should mean a most acceptable increase in the price received by the farmer for his eggs, and this without any increase in cost to the consumer.